



# Mass Affluent: The widely pursued Financial Services target nobody can hit

September 2024

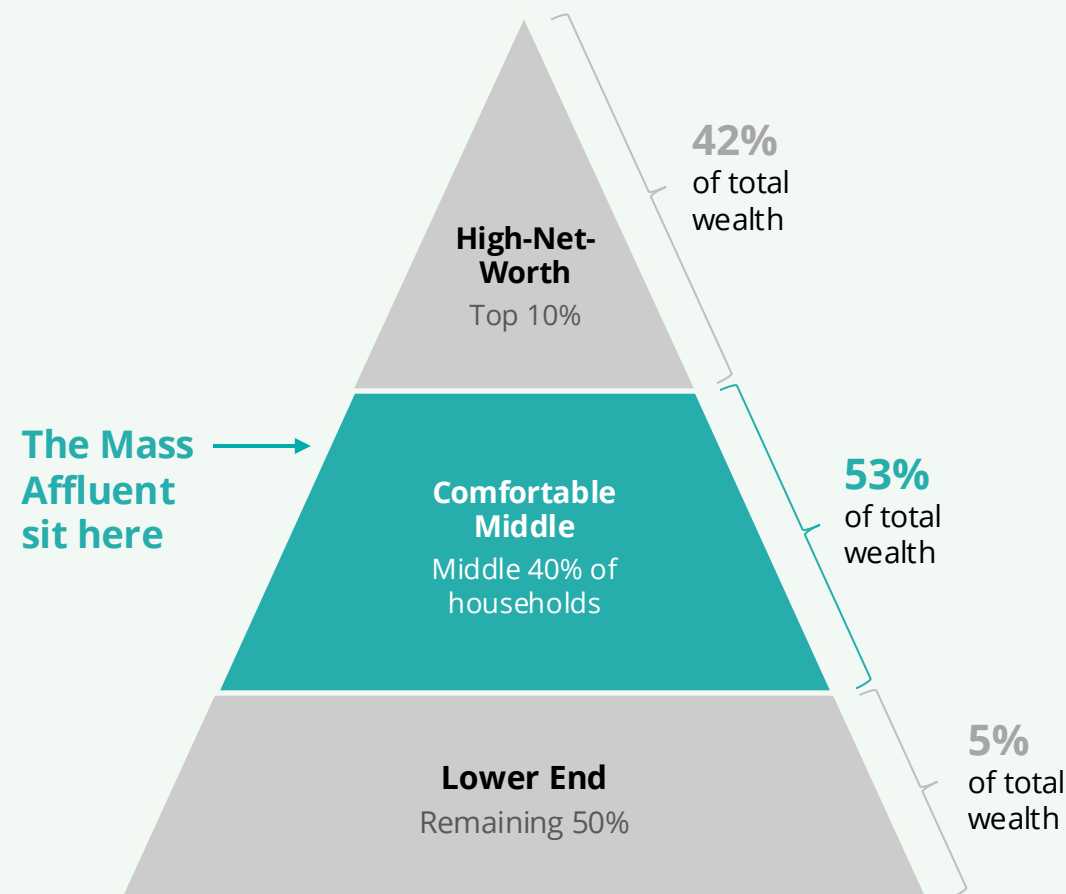


# The Mass Affluent. Alluring and Elusive.

While the needs of Australia's mass market and high-net-worth individuals are well understood and catered to, our understanding of the Mass Affluent is lacking, leaving this group ineffectively targeted.

Australian financial service providers all know the opportunity that Australia's middle market presents, **with the middle 40% of households representing 53% of total Australian household wealth.** Yet, offerings specifically tailored to the Mass Affluent segment are few and far between.

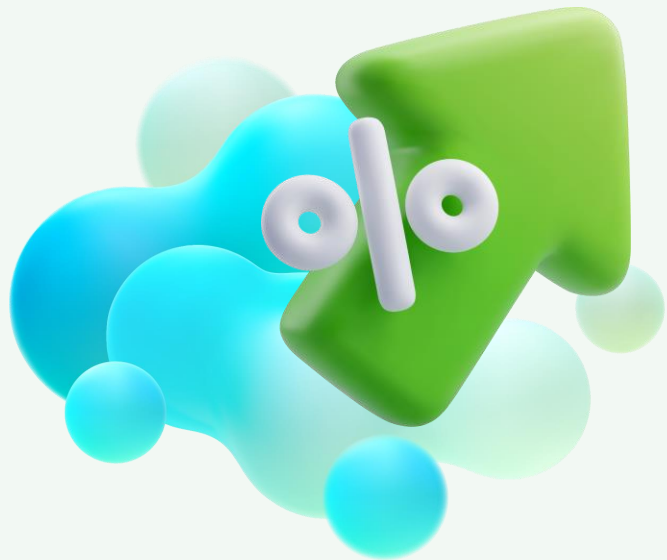
We're left with **a customer base falling through the gap between homogenised mass market offerings and highly personalised services targeted at high-net-worth individuals** – neither of which are fully meeting their needs.



Wealth distribution in Australia  
Roy Morgan 2023\*

\*<https://www.roymorgan.com/findings/9267-roy-morgan-wealth-report-june-2023>

# So, why is this coveted segment not better served?



## The definition itself is problematic.

As an industry, we have focused on the quantifiable measures that define the segment: income and investable assets.

This definition alone gives little insight into *who these customers are and how to win with them*, leading to ineffective targeting and service delivery.

## The Mass Affluent sorely need to be further segmented.

# From Target shoppers to Tesla owners and everything in between.

To better understand who they are, we engaged with 250 Mass Affluent Australians. We quickly realised that the segment encompasses an incredibly diverse range of customers. It became apparent that gender, ethnicity and age alone can drive drastically different attitudes towards investing and advice.

*Three very different – but equally valuable – customers can meet the financial criteria of Mass Affluent, yet have diverse financial needs, behaviours and attitudes to spending, saving and investing.*

## Urban Professional (25-35)

- Early career stage with growing income
- Focused on wealth accumulation
- High tech adoption

**MASS  
AFFLUENT**



"I enjoy splurging on designer bags but love a good bargain find."

**MASS  
AFFLUENT**

## Regional Affluent (36-65)

- High income with significant disposable income
- Focused on protecting wealth
- High tech adoption

"I drive a BMW but not the best one"



"I have enough saved for a comfortable retirement but I like to do my groceries at ALDI."

## Rural Retiree (65+)

- Focused on estate planning and managing retirement income
- Conservative investment attitudes
- Lower tech adoption

**MASS  
AFFLUENT**



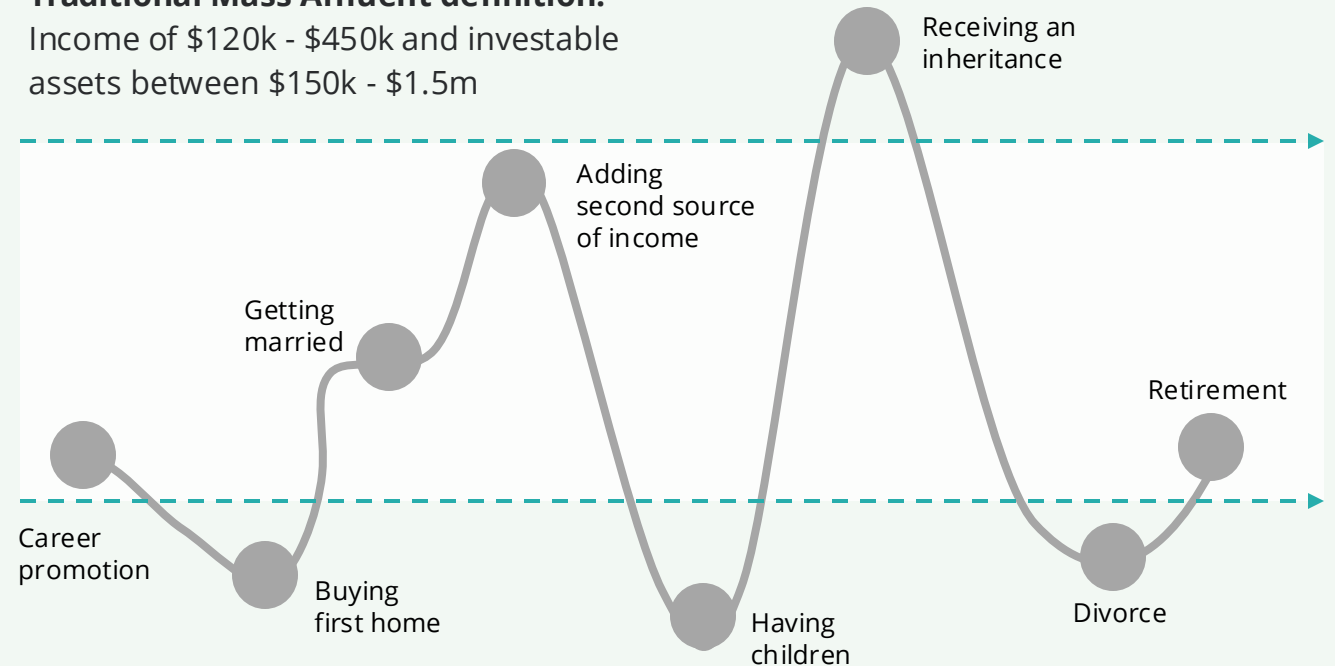
# Wealth building doesn't always follow a linear trajectory.

The current point-in-time financial definition fails to reflect the fluidity of the segment. Driven by life events, financial decisions and market conditions, individuals frequently move in and out of Mass Affluent, making it challenging for financial service providers to consistently identify and target this group with specific products or services.

**Understanding change and its challenges in the lives of the Mass Affluent – and the anticipation of change – becomes crucial,** as their financial status and needs frequently evolve.

## Traditional Mass Affluent definition:

Income of \$120k - \$450k and investable assets between \$150k - \$1.5m



*An individual's position within Mass Affluent is susceptible to change, leaving the segment in a constant state of flux*

# Changing mindsets, opportunities, economics and generations all provide their own unique challenges for the Mass Affluent.

Delving further into the lives of our 250 Mass Affluent research subjects, it became apparent that a differentiated proposition that wins an unfair share of their wallet must recognise what change means to them, the challenges it presents and how it impacts their needs, preferences and decisions.

## 01

### CHANGING MINDSETS

#### Hugging money to death –

Their tight grip on finances is squeezing out opportunity.

## 02

### CHANGING ECONOMICS

#### 'Mass Affluent' is not enough –

In an increasingly volatile world, standing still is moving backwards.

## 03

### CHANGING OPPORTUNITIES

#### Is the 'tried' still 'true'?

Is the financial playbook their parents gave them fit for a changing game?

## 04

### CHANGING GENERATIONS

#### Banking on inheritance –

As a secure financial future looks harder to achieve, inheritance looks set to define the haves and have nots.

# Want to know more? Get in touch.

Our extensive research uncovers deep insight into the lives of the Mass Affluent, gaps and opportunities in the market and an interesting sample of behavioural archetypes. We look forward to sharing more.



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